Summary of Financial Results (Consolidated)
for the Fiscal 2013 Ended March 31, 2014
[under Japanese GAAP]

May 14, 2014

Listed Company Name:	ESPEC CORP.
Listed Stock Exchange:	Tokyo, Stock Exchanges, First Section
Securities Code:	6859
Homepage:	http://www.espec.co.jp
Representative:	Masaaki Ishida, President
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Annual General Shareholders' Meeting (Scheduled):	June 25, 2014
Dividends payment beginning day (Scheduled):	June 26, 2014
Filing of Securities Report *[Yuka shoken hokokusho]*(Scheduled):	June 26, 2014
Preparing Supplementary Material on Financial Results:	Yes
Holding Financial Results Presentation Meeting:	Yes (For Institutional Investors)
U.S. GAAP Accounting standard:	Not Adopted

*The original disclosure in Japanese was released on May 14, 2014 at 14:00. (GMT+9)

(Rounded off to nearest million yen)

1. Consolidated financial results for the fiscal 2013 ended March 31, 2014. (April 1, 2013 ~ March 31, 2014)

(1) Consolidated operating results

(% figures are rates of change in comparison to previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Year Ended March 31, 2014	32,099	4.2	2,077	11.3	2,370	9.6	1,570	28.8
Year Ended March 31, 2013	30,799	(3.5)	1,866	2.1	2,162	4.1	1,219	(36.8)

(Note) Statements of comprehensive income Year Ended March 31, 2014 ¥2,840million [45.8%]
Year Ended March 31, 2013 ¥1,947million [(4.7)%]

	Net Income Per Share	Net Income Per Share, Diluted	Net Income to Shareholders' Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year Ended March 31, 2014	67.52	-	5.0	5.7	6.5
Year Ended March 31, 2013	52.43	-	4.1	5.5	6.1

(Reference) Equity in earnings of affiliates Year Ended March 31, 2014 ¥－million
Year Ended March 31, 2013 ¥50million

(2) Consolidated financial standing

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Million Yen	Million Yen	%	Yen
As of March 31, 2014	43,031	32,811	75.6	1,399.52
As of March 31, 2013	39,724	30,455	76.2	1,301.17

(Reference) Shareholders' equity As of March 31, 2014 ¥32,552million
As of March 31, 2013 ¥30,265million

(3) Consolidated status on cash flows

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at End of Year
	Million Yen	Million Yen	Million Yen	Million Yen
Year Ended March 31, 2014	838	(1,266)	(452)	12,853
Year Ended March 31, 2013	3,765	177	(542)	13,268

2. Dividends

	Dividend Per Share					Total Cash Dividend (Total)	Dividend Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Term-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Year Ended March 31, 2013	-	7.00	-	8.00	15.00	348	28.6	1.2
Year Ended March 31, 2014	-	7.00	-	13.00	20.00	465	29.6	1.5
Year Ending March 31, 2015 (Forecast)	-	7.00	-	13.00	20.00		29.1	

3. Forecast of Consolidated Operating Results for the Fiscal 2014 Ending March 31, 2015(April 1, 2014 ~ March 31, 2015)

(% figures for the full-term are rates of change in comparison to previous year and % figures for the six months ended are rates of change in comparison to the same quarter previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Six Months Ending September 30, 2014	15,000	6.8	700	2.9	750	(7.5)	400	(20.6)	17.20
Full-term	33,000	2.8	2,300	10.7	2,400	1.3	1,600	1.9	68.79

4. Others

(1) Transfers of important subsidiaries during the term (transfers of specified subsidiaries entailing changes in the scope of consolidation): No
New (Company name:) Excluded (Company name:)

(2) Changes in accounting policies; changes in accounting estimates; restatements of financial statements
1) Changes in accounting policies due to amendment of accounting standards: Yes
2) Changes in accounting policies other than above: No
3) Changes in accounting estimates: No
4) Restatements of financial statements: No
(Note) For details, see "Important Matters Concerning the Basis for Preparing Consolidated Financial Statements" on p. 17.

(3) Number of outstanding shares (Ordinary shares)

1) Number of outstanding shares at end of term (Including treasury stock):	As of March 31, 2014	23,781,394 shares	As of March 31, 2013	23,781,394 shares
2) Number of treasury stock at end of term:	As of March 31, 2014	521,715 shares	As of March 31, 2013	521,499 shares
3) Average number of shares during the term (Consolidated quarter):	Year Ended March 31, 2014	23,259,818 shares	Year Ended March 31, 2013	23,260,116 shares

* Disclosure Regarding Enactment of Audit Procedures

This earnings report is not subject to the audit procedures stipulated by Japan's Financial Instruments and Exchange Act. As of the date of release of this report, the Company's financial statements were undergoing audit procedures stipulated by the Financial Instruments and Exchange Act.

* Explanation of appropriate use of results forecasts and other matters of note

Statements concerning the future such as the results forecasts, etc., included in this document are based on currently available information and certain assumptions judged reasonable and actual results, etc., may differ due to various factors.

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1. Qualitative Information Concerning the Consolidated Results and Financial Situation

（1） Analysis of concerning the Operating Results

1) Operating Results for Fiscal 2013

During fiscal 2013, the year ended March 31, 2014, the Japanese economy continued to recover as a trend. This was due to corporate earnings recovering on the back of the yen weakening and an expansion in domestic spending prior to an increase in the consumption tax rate. The trend was augmented by overseas economic conditions picking up, primarily in Europe and North America. However, the pace of economic recovery was somewhat moderated by the impact of slower growth in the Chinese economy.

Of the Company's main customers, automotive manufacturers continued to invest aggressively. Meanwhile, signs of improving investment sentiment among other manufacturers did not lead to a firm recovery in their investment activity.

In this environment, the Company focused on strengthening its marketing in the robust automotive market, while at the same time working to win orders for walk-in type temperature (& humidity) chambers and other customized products in which capital investment remained comparatively firm. Meanwhile, in overseas markets, marketing activity was strengthened in China and other parts of Asia, as well as in the U.S.

The consolidated results for the fiscal year were up from the previous fiscal year. The amount of orders-received increased 4.4% year on year to ¥31,760 million and net sales increased 4.2% to ¥32,099 million. On the earnings front, operating income increased 11.3% year on year to ¥2,077 million and net income rose 28.8% year on year to ¥1,570 million as a result of net sales increasing.

	Year Ended March 31, 2013 (Million Yen)	Year Ended March 31, 2014 (Million Yen)	Change (%)
Orders-Received	30,412	31,760	4.4
Net Sales	30,799	32,099	4.2
Operating Income	1,866	2,077	11.3
Ordinary Income	2,162	2,370	9.6
Net Income	1,219	1,570	28.8

2) Performance by Segment

Consolidated results by operating segment for fiscal 2013

	Orders-Received (Million Yen)	Net Sales (Million Yen)	Operating Income (Loss) (Million Yen)
Equipment Business	25,271	25,831	1,625
Service Business	5,288	5,168	504
Other Business	1,375	1,267	(52)
Elimination	(174)	(168)	(0)
Total	31,760	32,099	2,077

<Equipment Business>

Sales of environmental test chambers on the whole increased in the Japanese market due to strong demand primarily from the automotive industry for custom-made products, such as walk-in type temperature (& humidity) chambers. This was offset, however, by sales of highly versatile standard products, such as the Platinous J series of temperature (&

humidity) chambers, declining. Sales on the whole in overseas markets increased as well. Strong performance at a U.S. subsidiary bolstered sales in Europe and North America, while sales in China and other parts of Asia declined as a consequence of lackluster performance at Chinese subsidiaries. As a consequence of these factors, overall orders-received and net sales of environmental test chambers increased compared with fiscal 2012.

In energy devices equipment, the Group emphasized the field of secondary batteries for automobiles in striving to cultivate markets. Even though product inquiries increased, this did not lead to an increase in orders-received. Consequently, both the amount of orders-received and net sales of energy devices equipment declined in year-on-year terms.

In semiconductor equipment, sales increased year on year, while the amount of orders-received was about the same as the previous fiscal year, due in part to orders from a certain semiconductor manufacturer.

In FPD equipment, sales increased year on year as a result of product delivery to an overseas manufacturer, although orders-received declined from the previous fiscal year.

As a result, the Equipment Business as a whole saw orders-received increase 5.1% to ¥25,271 million, and net sales increase by 6.0% to ¥25,831 million, compared with fiscal 2012. Operating income increased 21.3% from the previous fiscal year to ¥1,625 million, due mainly to an increase in sales.

	Year Ended March 31, 2013 (Million Yen)	Year Ended March 31, 2014 (Million Yen)	Change (%)
Orders-Received	24,051	25,271	5.1
Net Sales	24,368	25,831	6.0
Operating Income	1,339	1,625	21.3

< Service Business >

In after-sales service and engineering, customers began easing back on cost containment measures as their earnings improved, resulting in a recovery in orders-received for after-sales services and equipment relocations and modifications. Orders-received increased slightly while sales were about the same compared to the previous fiscal year.

In commissioned tests and facility rentals, our mainstay test consulting business continued to perform strongly, especially in the automotive market. However, orders-received and sales remained about the same as the previous fiscal year due to the impact of lackluster performance in rentals.

As a result, the Service Business on the whole recorded orders-received of ¥5,288 million, up 2.3% from the previous year. Net sales decreased 0.6% to ¥5,168 million. Operating income declined 22.5% to ¥504 million, mainly due to the cost-of-sales ratio deteriorating.

	Year Ended March 31, 2013 (Million Yen)	Year Ended March 31, 2014 (Million Yen)	Change (%)
Orders-Received	5,169	5,288	2.3
Net Sales	5,201	5,168	(0.6)
Operating Income	650	504	(22.5)

<Other Business>

In the environmental engineering business, the reforestation (tree planting) and waterside project business performed favorably. Sales in the plant factory business were lackluster due to postponement of some of the large project orders, despite orders for some large projects came in at the end of the fiscal year. As a result, the Other Business on the whole saw orders-received increase 4.0% year on year to ¥1,375 million, while sales fell 7.1% year on year to ¥1,267 million. As for earnings, the segment posted an operating loss of ¥52 million, even though this was an improvement from the previous fiscal year.

	Year Ended March 31, 2013 (Million Yen)	Year Ended March 31, 2014 (Million Yen)	Change (%)
Orders-Received	1,322	1,375	4.0
Net Sales	1,365	1,267	(7.1)
Operating Income (Loss)	(123)	(52)	-

3) Outlook for Fiscal 2014

Although the Japanese economy is improving as a trend, there are no signs yet of a full-fledged recovery in domestic capital investment, and investment sentiment among ESPEC's major customers remains cautious. By contrast, demand for environmental testing is expected to expand in overseas markets, in Asia in particular. At the same time, we see continuing growth both domestically and overseas for investments in the green technology market focused on eco cars.

Under these circumstances, the Company will strengthen Group collaboration and strive to expand sales in the Asian market, while focusing on expanding the scope of its business in the green technology market and the "Food and Drug markets" centered on pharmaceuticals.

As a result, the Company's business plan for fiscal 2014 projects that net sales will rise 2.8% to ¥33,000 million, operating income will increase10.7% to ¥2,300 million, and net income will rise1.9% to ¥1,600 million.

Forecast of Consolidated Operating Results for Fiscal 2014

(% figures for the full-term are rates of change in comparison to previous year and
(% figures for the six months ended are rates of change in comparison to the same quarter previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Six Months Ending September 30, 2014	15,000	6.8	700	2.9	750	(7.5)	400	(20.6)	17.20
Full-term	33,000	2.8	2,300	10.7	2,400	1.3	1,600	1.9	68.79

Forecast of Consolidated Operating Results by Segment for Fiscal 2014 (Full-term)

	Orders-Received (Million Yen)	Net Sales (Million Yen)	Operating Income (Million Yen)
Equipment Business	27,400	26,600	1,800
Service Business	5,400	5,300	500
Other Business	1,400	1,300	0
Elimination	(200)	(200)	-
Total	34,000	33,000	2,300

* There are marked seasonal fluctuations in our performance based on quarterly sales because of a strong trend towards contractual deliveries occurring in the 2nd and 4th consolidated quarters as a result of customers' budget implementation.

(2)Qualitative Information Concerning the Consolidated Financial Situation

Total assets at the end of the fiscal year consolidated accounting period were ¥43,031 million, an increase of ¥3,306 million over the end of the previous consolidated fiscal year. Major factors included a decrease in cash and deposits of ¥417 million, an increase of ¥1,603 million in notes and accounts receivable-trade, an increase of ¥500 million in short-term investment securities, an increase of ¥230 million in other current assets, an increases of ¥727 million in property, plant and equipment and an increase of ¥466 million in investment securities. Liabilities were ¥10,219 million, an increase of ¥950 million against the end of the previous consolidated fiscal year. Major factors included an increase in current liabilities such as notes and accounts payable-trade of ¥805 million, and an increase in noncurrent liabilities such as deferred tax liability of ¥145 million. Net assets were ¥32,811 million, an increase of ¥2,355 million against the end of the previous fiscal year. Major factors included an increase of ¥1,219 million in retained earnings and an increase of ¥796 million in foreign currency translation adjustment. As a result, the shareholders' equity ratio stood at 75.6%, a decrease of 0.6 points from the end of the previous fiscal year.

Net cash provided by operating activities was ¥838 million. The main factors were ¥2,356 million in income before income taxes and minority interests, a ¥1,218 million increase in notes and accounts receivable-trade and the payment of ¥345 million in income taxes.

Net cash used in investing activities was ¥1,266 million. The main factors were ¥751 million in purchase of property, plant and equipment and intangible assets and a net ¥455 million increase in time deposits.

Net cash used in financing activities was ¥452 million. The main factors were ¥347 million in cash dividends paid.

As a result of the foregoing, the balance of cash and cash equivalents decreased ¥415 million from a year earlier to ¥12,853 million at the end of the fiscal year under review.

	As of March 31, 2010	As of March 31, 2011	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Shareholders’ Equity Ratio (%)	76.0	72.4	74.8	76.2	75.6
Shareholders’ Equity Ratio on a Fair Value Basis (%)	54.3	42.9	46.7	41.2	43.2
Average Debt Repayment Period (years)	0.1	0.3	-	-	-
Interest Coverage Ratio (times)	95.9	83.9	73.1	2,599.9	647.4

(Note)

Shareholders’ equity ratio = Shareholders’ equity / Total assets

Shareholders’ equity ratio on a fair value basis = Market capitalization / Total assets

Average debt repayment period = Interest-bearing debt / Net cash provided by operating activities

Interest coverage ratio = Net cash provided by operating activities / Interest expense payments

1. Each index is calculated using figures from the consolidated financial statements.

2. Market capitalization is calculated by multiplying the closing share price at the fiscal year-end by the number of shares issued and outstanding at the fiscal year-end (excluding treasury stock).

3. The cash flow from operating activities is calculated from the net cash provided by operating activities as stated on the consolidated cash flow statements. The interest-bearing debt refers to liabilities booked on the consolidated balance sheet for which interest is paid, except for leasing liabilities. Interest expense payments are calculated from the interest expenses paid as stated on the consolidated statements of cash flows.

(3) Basic Policy on Profit Distributions and Dividends for Fiscal 2013 and Fiscal 2014

The Company recognizes the return of profits to shareholders as an important management priority, and believes that constantly raising enterprise value is the key element in ensuring improved shareholder returns. Regarding the dividend for the fiscal year under review, the Company decides dividends in consideration of continuity and the consolidated dividend payout ratio, and plans to pay a year-end dividend of ¥13 per share. Together with the payment of an interim dividend of ¥7 per share, the Company will pay an annual dividend of ¥20 per share for fiscal 2013.

For fiscal 2014, current projections are for an annual dividend of ¥20 per share, including an interim dividend of ¥7 per share.

(4) Business Risks

1) Risk of Fluctuation in Business Performance

The ESPEC Group's main customers are manufacturers in the electronic components, electronic devices, and automotive sectors. Consequently, the Group's business performance is strongly affected by trends in business and capital investment in these industries. ESPEC works to swiftly develop products that meet its customers' diverse needs. At the same time, the Company strives to minimize fluctuations in its own business performance by responding to requests for customization and developing customers in sectors outside of electronics. These efforts notwithstanding, lower levels of capital investment among the Group's main customers due to protracted economic weakness and other factors may adversely impact the business performance of the ESPEC Group.

Furthermore, although the ESPEC Group commands a high market share in Japan, the Japanese market is also a maturing one. As such, the Group is reliant on overseas markets for growth in this business. Emerging markets, particularly the fast-growing markets of Asia, are witnessing entry by a host of companies from around the world, a situation that is fueling intense price competition. The ESPEC Group was among the first in the industry to establish multiple bases in China and Southeast Asia, and has a business framework in place for coping with rapid market expansion. Nevertheless, the Group's business performance may be adversely impacted by competition with U.S. and European environmental test chamber makers, who enjoy a large share of the market in their home countries, as well as by Chinese and Taiwanese manufacturers, who are aiming to enter the market by flooding it with low-priced products.

2) Risk Associated with Increasing Overseas Sales Ratio

The ratio of sales from outside Japan for the ESPEC Group accounted for a high 38.2% of Group total sales on a consolidated basis in the fiscal year ended March 31, 2014. Moreover, this percentage is expected to rise further in the future. In terms of business development overseas, the Group's efforts may be hindered by any number of factors that could result in difficult to foresee social turmoil in the countries and regions where it operates. These factors include, but are not limited to, terrorism, political instability, natural disasters, and outbreaks of new strains of influenza or other pandemic diseases. Such problems, should they arise, could adversely impact the Group's financial position and business performance.

With regard to foreign exchange risk, the ESPEC Group believes that its exposure is relatively limited due to hedging operations carried out within certain limits under its risk management policy, as well as the fact that a large proportion of the Group's export revenues are denominated in Japanese yen.

3) Risk Associated with Export Regulations

The Company's products and technologies are subject to laws and regulations governing exports, such as the Foreign Exchange and Foreign Trade Control Law and its directives (export trade management directive, foreign exchange directive), as well as a related ministerial directive. Based on this, the Group makes every effort to gain a clear picture of export destinations, buyers, uses, and transaction channels as stipulated in the latest legislation. Nevertheless, there is a possibility of resale by the buyer or other parties to countries and users who might use the products or technologies for manufacturing weapons of mass destruction or conventional armaments. The use of the Group's products and technologies by unanticipated parties in applications for which they were not intended could ultimately have an adverse effect on the ESPEC Group's business performance.

4) Risks Associated with Dependency on Suppliers

The ESPEC Group procures a variety of parts and materials from suppliers. Similarly, the Group engages third-party processing companies as a means of coping with varying manufacturing volumes and efficiently acquiring knowledge of various manufacturing technologies. The Group implements strict transaction controls aimed at these entities, grades them on their quality assurance programs and production and environmental management systems, and provides guidance where necessary, in an effort to cultivate mutual relationships of trust. However, the Group's own production efforts could become compromised if procurement from these suppliers and third-party processing services is halted due to bankruptcy, an exit from business, or similar factors. In addition, suppliers could provide defective components, leading to serious production delays. In the worst case, this situation could require expensive countermeasures, such as a recall of products already sold.

5) Risk in Cases of Significant Damage to Key Facilities from Earthquakes or Other Natural Disasters

The ESPEC Group's key manufacturing and R&D facilities are located in Japan. If these key facilities were to suffer major damage from an earthquake or other natural disaster, it would not only interfere with the Group's ability to operate, but could potentially require huge sums for repairs or rebuilding. Even in cases in which the Company itself is not directly damaged, business activities could be severely undermined by secondary damage, such as limitations on the supply of electric power and other infrastructure, and the inability to procure necessary components and materials from suppliers.

6) Risk of Steep Rise in Raw Material Procurement Costs

The raw materials for the products manufactured by the ESPEC Group consist primarily of stainless steel, steel, copper and aluminum. Procurement prices of these materials fluctuate in line with movements on international commodity markets. In the event of a sudden steep rise in raw materials prices, there is a possibility that the Group's business performance will be adversely affected.

2. Management Policy

(1) Basic Policy for Management of the Company

The Group's mission statement is "To provide a more reliable living environment through services built on environmental creation technology". We believe firmly that growth of the Group in itself serves to achieve this mission, and that this also improves value exchangeability between the Group's various stakeholders, including its shareholders. As a full member of society, one of the Group's key management policies is "respect for social norms and respect for laws", and we regard improvements to value exchangeability as one of our management strategies. We aim to become a company which possesses "outstanding service as a result of its broad-ranging technology and a concentration of knowledge that creates a new level of expectation in our customers", as well as to become "a highly social company that quickly adapts to social change and people's wishes through sensitivity and dynamic preparation". We intend to implement ongoing improvements to corporate value.

(2) Management Index Target

The Group uses the ratio of operating income to sales as an important management index from the perspective of improving business growth and profitability.

(3) The Company's Medium to Long-term Management Strategy and Challenges Facing the Company

The Company is currently formulating a new medium-term management plan with a view to achieving corporate growth in the future.In the fiscal year ending March 2015, the Company will carry forward its basic policies from the previous fiscal year, to promote growth strategies and expand the scope of business operations while enhancing their efficiency.

＜Targets for Consolidated Revenues and Earnings＞

Net Sales: ¥33,000 million

Operating Income: ¥2,300 million (operating income ratio of 7%)

＜Basic Policy＞

①Pursue growth strategies "faster" and "more dynamically"

②Achieve "expansion in the scope of business" and "efficiency enhancements" in order to survive in the Japanese market

＜Main Priority Strategies＞

(1) Cultivate and capture markets in Asia and China by enhancing Group collaboration

I. Expand business in custom-made products centered on the automotive market

II. ASEAN market

Bolster the service support framework centered on the ASEAN Support Desk

III. Chinese market

Rebuild the marketing and service framework while establishing the manufacturing framework for the new manufacturing subsidiary, ESPEC TEST EQUIPMENT (GUANGDONG) CO.,LTD

IV. Korean market

Strengthen the manufacturing functions of ESPEC KOREA CORP.

(2) Expand the scope of business by making full entry into the “Food and Drug markets” in addition to the green technology market

I. Green technology market

・Provide products and systems addressing the testing needs of secondary batteries for automobiles

・Adapt to global standards and enhance the lineup of equipment for testing the safety of secondary batteries for automobiles

・Enhance facilities for testing on contract, such as the Energy Device Environmental Test Center, and promote sales

II. “Food and Drug markets” (pharmaceuticals, cosmetics, and foods)

Expand sales with new products and develop more applications for existing product

(3) Win to survive in the domestic environmental testing business

I. Expand the application scope of customized products centered on the automotive market

II. Expand sales of standard products, such as bench-top type temperature (& humidity) chambers that underwent a model change in the previous fiscal year

III. Promote the sale of maintenance contracts and the proprietary ESPEC Online Support service

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2013	As of March 31, 2014
Assets		
Current assets		
Cash and deposits	9,371	8,954
Notes and accounts receivable - trade	11,264	12,868
Securities	3,901	4,401
Merchandise and finished goods	333	340
Work in process	926	952
Raw materials and supplies	1,101	1,226
Deferred tax assets	386	400
Other	1,137	1,367
Allowance for doubtful accounts	(6)	(7)
Total current assets	28,414	30,503
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,909	9,193
Accumulated depreciation	(5,848)	(6,006)
Buildings and structures, net	3,060	3,186
Machinery, equipment and vehicles	1,444	1,553
Accumulated depreciation	(1,046)	(1,159)
Machinery, equipment and vehicles,	397	393
Tools, furniture and fixtures	3,257	3,404
Accumulated depreciation	(2,687)	(2,667)
Tools, furniture and fixtures, net	569	736
Land	4,406	4,424
Leased assets	90	81
Accumulated depreciation	(39)	(47)
Leased assets, net	50	33
Construction in progress	45	481
Total property, plant and equipment	8,530	9,257
Intangible assets		
Other	217	246
Total intangible assets	217	246
Investments and other assets		
Investment securities	1,896	2,362
Deferred tax assets	16	13
Other	681	684
Allowance for doubtful accounts	(33)	(37)
Total investments and other assets	2,561	3,022
Total non-current assets	11,309	12,527
Total assets	39,724	43,031

(Million Yen)

	As of March 31, 2013	As of March 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,730	5,104
Income taxes payable	203	545
Provision for bonuses	372	360
Provision for directors' bonuses	3	6
Provision for product warranties	239	216
Other	2,142	2,264
Total current liabilities	7,692	8,497
Non-current liabilities		
Deferred tax liabilities	205	307
Provision for retirement benefits	26	—
Net defined benefit liability	—	96
Provision for directors' retirement benefits	19	19
Asset retirement obligations	51	51
Deferred tax liabilities for land revaluation	626	625
Other	646	620
Total non-current liabilities	1,576	1,721
Total liabilities	9,269	10,219
Net assets		
Shareholders' equity		
Capital stock	6,895	6,895
Capital surplus	7,172	7,172
Retained earnings	17,619	18,838
Treasury shares	(360)	(360)
Total shareholders' equity	31,327	32,546
Accumulated other comprehensive income		
Valuation difference on available-for-sale	443	813
Revaluation reserve for land	(742)	(743)
Foreign currency translation adjustment	(763)	33
Remeasurements of defined benefit plans	—	(97)
Total accumulated other comprehensive	(1,062)	5
Minority interests	190	258
Total net assets	30,455	32,811
Total liabilities and net assets	39,724	43,031

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Million Yen)

	Year Ended March 31, 2013	Year Ended March 31, 2014
Net sales	30,799	32,099
Cost of sales	20,518	21,367
Gross profit	10,281	10,731
Selling, general and administrative expenses		
Salaries and allowances	2,554	2,762
Research and development expenses	1,142	951
Provision for bonuses	113	110
Provision for product warranties	200	162
Commission fee	945	938
Provision for directors' bonuses	3	6
Other	3,453	3,723
Total selling, general and administrative	8,414	8,654
Operating income	1,866	2,077
Non-operating income		
Interest income	24	33
Dividend income	52	85
Foreign exchange gains	139	110
Share of profit of entities accounted for using	50	―
Other	61	82
Total non-operating income	328	312
Non-operating expenses		
Interest expenses	1	0
Loss on sales of securities	7	2
Commission fee	11	9
Other	13	6
Total non-operating expenses	33	19
Ordinary income	2,162	2,370
Extraordinary income		
Gain on sales of non-current assets	4	1
Gain on sales of investment securities	―	1
Total extraordinary income	4	2
Extraordinary losses		
Loss on retirement of non-current assets	7	15
Loss on sales of investment securities	12	―
Loss on sales of investments in capital of	11	―
Impairment loss	2	1
Special retirement expenses	38	―
Other	0	―
Total extraordinary losses	72	17
Income before income taxes and minority interests	2,094	2,356
Income taxes - current	449	714
Income taxes - deferred	346	16
Total income taxes	796	731
Income before minority interests	1,298	1,624
Minority interests in income	78	53
Net income	1,219	1,570

Consolidated Statements of Comprehensive Income

（Million Yen）

	Year Ended March 31, 2013	Year Ended March 31, 2014
Income before minority interests	1,298	1,624
Other comprehensive income		
Valuation difference on available-for-sale	215	369
Foreign currency translation adjustment	365	846
Share of other comprehensive income of	68	—
Total other comprehensive income	648	1,215
Comprehensive income	1,947	2,840
Comprehensive income attributable to		
Comprehensive income attributable to owners	1,846	2,736
Comprehensive income attributable to minority	101	103

(3) Consolidated Statements of Changes in Net Assets

Year Ended March 31, 2013

(Million Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,895	7,172	16,869	(360)	30,577
Changes of items during period					
Dividends of surplus			(465)		(465)
Net income			1,219		1,219
Purchase of treasury shares				(0)	(0)
Other			(4)		(4)
Net changes of items other than shareholders'					
Total changes of items during period	—	—	750	(0)	749
Balance at end of current period	6,895	7,172	17,619	(360)	31,327

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on	Revaluation reserve for	Foreign currency	Total accumulated		
Balance at beginning of current period	227	(741)	(1,174)	(1,687)	160	29,050
Changes of items during period						
Dividends of surplus						(465)
Net income						1,219
Purchase of treasury shares						(0)
Other						(4)
Net changes of items other than shareholders'	215	(1)	411	625	29	655
Total changes of items during period	215	(1)	411	625	29	1,404
Balance at end of current period	443	(742)	(763)	(1,062)	190	30,455

Year Ended March 31, 2014

(Million Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,895	7,172	17,619	(360)	31,327
Changes of items during period					
Dividends of surplus			(348)		(348)
Net income			1,570		1,570
Purchase of treasury shares				(0)	(0)
Other			(2)		(2)
Net changes of items other than shareholders'					
Total changes of items during period	—	—	1,219	(0)	1,219
Balance at end of current period	6,895	7,172	18,838	(360)	32,546

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference	Revaluation reserve	Foreign currency	Remeasurements of	Total accumulat		
Balance at beginning of current period	443	(742)	(763)	—	(1,062)	190	30,455
Changes of items during period							
Dividends of surplus							(348)
Net income							1,570
Purchase of treasury shares							(0)
Other							(2)
Net changes of items other than shareholders'	369	(1)	796	(97)	1,068	68	1,136
Total changes of items during period	369	(1)	796	(97)	1,068	68	2,355
Balance at end of current period	813	(743)	33	(97)	5	258	32,811

(4) Consolidated Statements of Cash Flows

(Million Yen)

	Year Ended March 31, 2013	Year Ended March 31, 2014
Cash flows from operating activities		
Income before income taxes and minority	2,094	2,356
Depreciation	494	570
Impairment loss	2	1
Increase (decrease) in allowance for doubtful	(6)	3
Increase (decrease) in provision for retirement	2	―
Increase (decrease) in provision for directors'	1	2
Increase (decrease) in provision for directors'	(25)	―
Increase (decrease) in net defined benefit	―	7
Interest and dividend income	(77)	(119)
Interest expenses	1	0
Loss (gain) on sales of securities	7	2
Share of (profit) loss of entities accounted for	(50)	―
Decrease (increase) in notes and accounts	2,131	(1,218)
Decrease (increase) in inventories	89	(175)
Increase (decrease) in notes and accounts	(214)	141
Other, net	(500)	(482)
Subtotal	3,951	1,089
Interest and dividend income received	237	95
Interest expenses paid	(1)	(1)
Income taxes (paid) refund	(421)	(345)
Net cash provided by (used in) operating	3,765	838
Cash flows from investing activities		
Net decrease (increase) in time deposits	25	(455)
Net decrease (increase) in trust beneficiary	99	(68)
Purchase of property, plant and equipment and	(576)	(751)
Proceeds from sales of property, plant and	20	1
Purchase of investment securities	(1)	(1)
Proceeds from sales and redemption of	611	6
Payments of loans receivable	(3)	(0)
Collection of loans receivable	1	3
Net cash provided by (used in) investing	177	(1,266)
Cash flows from financing activities		
Cash dividends paid	(463)	(347)
Cash dividends paid to minority shareholders	(57)	(85)
Purchase of treasury shares	(0)	(0)
Other, net	(20)	(18)
Net cash provided by (used in) financing	(542)	(452)
Effect of exchange rate change on cash and cash	238	464
Net increase (decrease) in cash and cash	3,638	(415)
Cash and cash equivalents at beginning of period	9,630	13,268
Cash and cash equivalents at end of period	13,268	12,853

(5) Notes to the Consolidated Financial Statements

(Notes on the assumption of a going concern)

Not applicable.

(Important Matters Concerning the Basis for Preparing Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 9

Name of main consolidated subsidiary: ESPEC NORTH AMERICA,INC.

(2) Name of main non-consolidated subsidiary:

Main non-consolidated subsidiary: ESPEC SOUTH EAST ASIA SDN. BHD.

(Reason for exclusion from scope of consolidation)

The non-consolidated subsidiaries have been excluded from the scope of consolidation because of their small size and because their total assets, net sales, net income (corresponding to equity) and retained earnings (corresponding to equity) have a negligible effect on the consolidated financial statements of the ESPEC Group.

(3) Change of scope of consolidation

The newly established subsidiary, ESPEC TEST EQUIPMENT (GUANGDONG) CO.,LTD, was included in the scope of consolidation in the fiscal year under review.

2. Application of the Equity Method

(1) Number of non-consolidated subsidiaries accounted for using the equity method: None

(2) Number of affiliates accounted for using the equity method: None

(3) Some non-consolidated subsidiaries (ESPEC SOUTH EAST ASIA SDN. BHD. and others) not accounted for using the equity method have been excluded from the scope of companies accounted for by the equity method as they have a negligible effect on the consolidated net income and retained earnings of the ESPEC Group, and are immaterial overall.

3. Fiscal Year of Consolidated Subsidiaries

The fiscal year-ends of consolidated subsidiaries ESPEC NORTH AMERICA, INC., ESPEC (CHINA) LIMITED, ESPEC ENVIRONMENTAL EQUIPMENT (SHANGHAI) CO.,LTD.,ESPEC TEST EQUIPMENT (GUANGDONG) CO., LTD., ESPEC KOREA CORP. and SHANGHAI ESPEC ENVIRONMENTAL EQUIPMENT CORP. are December 31. Accordingly, the financial statements of these subsidiaries as of December 31 are used to prepare the consolidated financial statements, and any necessary adjustments are made to the consolidated statements for important transactions occurring between December 31 and March 31.

4. Summary of Significant Accounting Policies

(1) Valuation standards and accounting treatment for important assets

1) Marketable securities

Among available-for-sale securities, with listed securities, the market value is determined by the market price as of the end of the period, with unrealized gains and losses, net of applicable taxes, reported in a separate component of net assets, and the cost of securities sold determined by the moving average method. With non-listed securities, the cost is determined by the moving average method.

2) Derivatives

Market value.

3) Inventories

Work in process is mainly stated by the specific identification method; other inventories are mainly stated using the acquisition cost method, cost being determined by the weighted average method (the book value in the balance sheet is reduced when the profitability has declined).

(2) Method for depreciating and amortizing important assets

1) Property, plant and equipment (excluding lease assets)

The Company uses the straight-line method.

Estimated useful lives are as follows: Buildings 5-50 years

2) Intangible assets (excluding lease assets)

The Company amortizes intangible assets using the straight-line method. Estimated useful lives are as follows:

Software used by the Company 5 years

3) Lease assets

Depreciation equivalents are accounted for by the straight-line method, assuming the lease period to be the useful lives and the residual value to be zero.

The Company applies the accounting method for ordinary operating lease transactions to financial leases other than those with transfer of ownership rights that started on or before March 31, 2008.

(3) Accounting for important allowances

1) Allowance for doubtful accounts

The allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. It comprises a general reserve for accounts receivable based on historical default rates, and an estimated credit loss for accounts receivable based on an individual assessment of each account.

2) Allowance for bonuses

The allowance for employees' bonuses is based on the estimated requirements for the fiscal year.

3) Allowance for directors' bonuses

The allowance for directors' bonuses is based on the estimated requirements for the fiscal year.

4) Reserve for product warranties

The reserve for product warranties is provided to cover the after service expenses, which are free during the warranty period, and are calculated based on historical claim rates for warranty expenses proportional to net sales.

5) Allowance for directors’ retirement benefits

For the Company's domestic consolidated subsidiaries, the Board of Directors has decided to terminate retirement benefits for directors. The Company books an allowance for the monetary amount for the period served by current directors up to the date of termination of retirement benefits.

(4) Change in accounting method of retirement benefits

1). Accrual method of projected retirement benefits

The straight-line method was applied to projecting the period accrual of retirement benefits at the end of the consolidated fiscal year under review in calculating retirement benefit obligations.

2) Amortization method of actuarial gains or losses

Actuarial gains or losses are amortized from the consolidated fiscal year following the consolidated fiscal year in which they arise, using the straight-line method over a fixed number of years (10 years), but no more than the average remaining years of service of employees.

(5) Standards for Translation of Material Foreign Currency-Denominated Assets and Liabilities Into Japanese Yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the balance sheet date, with the foreign currency exchange gains and losses from translation recognized in the statement of income. The assets and liabilities of foreign subsidiaries, etc. are translated into Japanese yen at the current exchange rates at the balance sheet date. Revenue and expenses of foreign subsidiaries, etc. are translated into Japanese yen at the average rate for the year. Differences arising from such translation are shown as “Foreign currency translation adjustments” and “Minority interests” as separate components of net assets.

(6) Scope of Cash and Cash Equivalents on the Consolidated Statements of Cash Flows

Cash and cash equivalents include cash in hand and deposits as well as short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value, all of which mature or become due within three months of the date of acquisition.

(7) Other Significant Notes on Preparation of Consolidated Financial Statements

Treatment of Consumption Tax

Figures are presented exclusive of consumption taxes and local consumption taxes for accounting purposes.

(Change in accounting policy)

(Accounting standard applied to retirement benefits)

From March 31, 2014, the Company has adopted "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012, hereinafter the "Retirement Benefits Accounting Standard") and

"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012, hereinafter the "Retirement Benefits Guideline"), excluding, however, the stipulations set forth in the text of Article 35 of the Retirement Benefits Accounting Standard and the text of Article 67 of the Retirement Benefits Guideline. Accordingly, the Company has adopted the method of recording the amount of retirement benefit obligations less pension assets as a net defined benefit liability (or as a net defined benefit asset if pension assets exceed retirement benefit obligations). The Company has recorded unrecognized actuarial gains and losses and unrecognized past service costs after tax as a net defined benefit asset or a net defined benefit liability.

With regard to the adoption of the retirement benefit accounting standards, the Company has followed the transitional treatment in Article 37 of the Retirement Benefits Accounting Standard. Accordingly, on March 31, 2014, the amounts of the impacts resulting from the change in retirement benefit accounting standards were added to, or deducted from, remeasurements of defined benefit plans in accumulated other comprehensive income.

As a result, the Company recorded a net defined benefit liability of ¥96 million on March 31, 2014, which consequently resulted in a ¥97 million decline in accumulated other comprehensive income.

This had the impact of diminishing net assets per share by ¥4.18.

(Segment Information and Others)

Segment Information

1. Overview of reportable segments

ESPEC’s reportable segments refer to those components of the Company for which separate financial information is available and such information is reviewed regularly by the Board of Directors in determining the allocation of resources and in evaluating performance.

The Company classifies its business activities into segments according to the business format. There are three reportable segments: Equipment Business, Service Business, and Other Business.

The Equipment Business provides environmental test chambers, energy device equipment, semiconductor equipment, and FPD equipment. The Service Business is engaged in after service engineering, commissioned testing, and rentals. The Other Business is involved with environmental engineering and new businesses.

2. Method of calculating the monetary values of net sales, income or loss, assets, and other items of each reportable segment

Accounting treatment methods for reportable segments are the same as the methods shown in the “Important Matters Concerning the Basis for Preparing Consolidated Financial Statements.” Inter-segment sales and transfers are based on market prices and certain other factors.

3. Information concerning the monetary values of net sales, income or loss, assets and other items of each reportable segment

Previous consolidated fiscal year (April 1, 2012 ~ March 31, 2013)

(Million Yen)

	Reportable Segment			Total	Adjustment *1	Carried Amount on Consolidated Financial Statements *2
	Equipment Business	Service Business	Other Business			
Net Sales						
(1) Sales to External Customers	24,368	5,068	1,363	30,799	-	30,799
(2) Internal Sales or Transfers between Segments	-	132	1	134	(134)	-
Total	24,368	5,201	1,365	30,934	(134)	30,799
Segment Income (Loss)	1,339	650	(123)	1,866	0	1,866
Segment Assets	20,120	4,597	990	25,709	14,015	39,724
Other						
Depreciation Expenses	327	153	4	485	(0)	485
Increases in Property, Plant and Equipment and Intangible Assets	473	267	5	746	47	794

(Note)

1. Adjustments are as follows.

1) "Adjustment" for segment sales mainly represents eliminations of inter-segment transactions.

2) "Adjustment" for segment income or segment loss mainly represents eliminations of inter-segment transactions.

3) "Adjustment" for segment assets mainly represents eliminations of inter-segment transactions and company-wide assets. Company-wide assets of ¥14,044 million primarily consist of surplus working capital at the parent company (cash and deposits, short-term investment securities, etc.), long-term investment funds (investment securities) and assets related to administrative divisions.

4) "Adjustment" for depreciation expenses mainly represents eliminations of inter-segment transactions.

5) "Adjustment" for increases in property, plant and equipment and intangible assets mainly represents eliminations of inter-segment transactions and company-wide assets.

2. Segment income or segment loss is adjusted to be consistent with the operating income stated in the consolidated statements of income.

This consolidated fiscal year (April 1, 2013 ~ March 31, 2014)

(Million Yen)

	Reportable Segment			Total	Adjustment *1	Carried Amount on Consolidated Financial Statements *2
	Equipment Business	Service Business	Other Business			
Net Sales						
(1) Sales to External Customers	25,829	5,011	1,258	32,099	-	32,099
(2) Internal Sales or Transfers between Segments	1	157	9	168	(168)	-
Total	25,831	5,168	1,267	32,267	(168)	32,099
Segment Income (Loss)	1,625	504	(52)	2,077	(0)	2,077
Segment Assets	23,505	4, 795	894	29,196	13,835	43,031
Other						
Depreciation Expenses	382	174	5	562	(0)	562
Increases in Property, Plant and Equipment and Intangible Assets	667	382	0	1,050	64	1,115

(Note)

1. Adjustments are as follows.

1) “Adjustment” for segment sales mainly represents eliminations of inter-segment transactions.

2) “Adjustment” for segment income or segment loss mainly represents eliminations of inter-segment transactions.

3) “Adjustment” for segment assets mainly represents eliminations of inter-segment transactions and company-wide assets. Company-wide assets of ¥13,912 million primarily consist of surplus working capital at the parent company (cash and deposits, short-term investment securities, etc.), long-term investment funds (investment securities) and assets related to administrative divisions.

4) “Adjustment” for depreciation expenses mainly represents eliminations of inter-segment transactions.

5) “Adjustment” for increases in property, plant and equipment and intangible assets mainly represents eliminations of inter-segment transactions and company-wide assets.

2. Segment income or segment loss is adjusted to be consistent with the operating income stated in the consolidated statements of income.

(Per-Share Information)

FY2012 (From April 1, 2012 to March 31, 2013)		FY2013 (From April 1, 2013 to March 31, 2014)	
	Yen		Yen
Net Assets Per Share	1,301.17	Net Assets Per Share	1,399.52
Net Income Per Share	52.43	Net Income Per Share	67.52
Diluted net income per share is not shown as there are no dilutive securities.		Diluted net income per share is not shown as there are no dilutive securities.	

(Note) 1. The basis of calculation for net income per share is as follows:

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Net Income Per Share		
Net Income (Million Yen)	1,219	1,570
Net income available to minority interests (Million Yen)	-	-
Net income available to common shares (Million Yen)	1,219	1,570
Weighted-average number of common shares outstanding for the period (Thousand Shares)	23,260	23,259
Dilutive shares omitted from the calculation of diluted net income per share, due to absence of a dilution effect.	―	―

(Material Subsequent Events)

Not applicable.